



**Course: Micro Economic Issues in Development MID9X02**

**Marks: 100**

**Time : 3 hours**

**Assessors: Prof Nicholas Ngepah**

**Moderator: Prof M. Benhura**

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**Instructions:**

1. The paper consists of **3** questions
  2. Each question is **50 marks**
  3. Answer any TWO questions of your choice.
  4. Number of pages: 2 pages
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**QUESTION ONE**

1. Discuss the concept of poverty with respect to the related concept of inequality (10)
2. Explain the general steps you would take to measure poverty (10)
3. The following vector depicts income (in 000s of Rands) distribution in a population of six persons per month (4, 6, 8, 9, 12, 15). The anti-poverty organ of this society wants you to give a briefing of the state of poverty. Assuming poverty line to be R8000,
  - i. Use the vector to derive the different members of the FGT measures, explaining the approach in each step. (15)
  - ii. Critically discuss each measure, explaining the strengths and weaknesses to the policy maker and suggest which measure would be best if one is concerned about the poorest of the poor. (15)

## **QUESTION TWO**

1. What is industrial policy? (5)
2. Explain the relevance of industrial policy in a developing economy like South Africa (20)
3. Does competition policy conflict with industrial policy? (25)

## **QUESTION THREE**

The South Africa's State-owned energy Utility (ESKOM) is made up of a generation, transmission and distribution units. Due to shortage of electricity generation and other inefficiency issues, there have been calls for privatization/liberalization.

1. Discuss the prospects of such privatization and liberalization in the light of competition and regulatory issues, with Eskom remaining an active participant in the market (50)

**End of paper**